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Coronavirus stimulus measures

This edition is dominated by the Federal government and ATO measures in response to the Coronavirus (COVID-19) pandemic.

JobKeeper And JobSeeker Payments

The government has announced a suite of welfare packages to help Australians who've found themselves out of work with the new shutdown restrictions or economic downturn. Among them are the JobKeeper and Jobseeker payments.

What are the JobKeeper payments and how do I get them?

The Federal Government has announced it would be offering businesses a wage subsidy to keep staff on until the restrictions are eventually lifted.

It's called the JobKeeper Payment <https://www.business.gov.au/risk-management/emergency-management/coronavirus-information-and-support-for-business/jobkeeper-payment> and the idea is that the government, through the ATO, will pay \$1,500 to "eligible employers" per fortnight per "eligible employee" for up to 6 months so long as they're eligible.

That payment would need to be passed on to the employee and would start being pushed out from the first week of May but businesses could receive back-dated payments from 30 March 2020.

The interesting part here is that employees who have been let go after 1 March could essentially be rehired and paid this \$1,500 per fortnight while stood down. This would apply to full-time, part-time and long-term casuals who'd been at the role for 12 months or more.

The catch is you'll need to wait for your employer to apply for the payment through the ATO <https://www.ato.gov.au/general/gen/JobKeeper-payment/> in order to be able to receive it. Eligible businesses or the self-employed would have to adhere to the following criteria:

- their business has a turnover of less than \$1 billion and their turnover will be reduced by more than 30% relative to a comparable period a year ago (of at least a month), or
- The employer must have been in an employment relationship with eligible employees as at 1 March 2020 and confirm that each eligible employee is currently engaged in order to receive JobKeeper Payments.
- Not-for-profit entities (including charities) and self-employed individuals (businesses without employees) that meet the turnover tests that apply for businesses are eligible to apply for JobKeeper Payments.

But that's the not only criteria you'll have to fulfil. Employees will also need to ensure the following:

- are currently employed by the eligible employer (including those stood down or re-hired);
- were employed by the employer at 1 March 2020
- are full-time, part-time, or long-term casuals (a casual employed on a

regular basis for longer than 12 months as at 1 March 2020)

- are at least 16 years of age
- are an Australian citizen, the holder of a permanent visa, a Protected Special Category Visa Holder, a non-protected Special Category Visa Holder who has been residing continually in Australia for 10 years or more, or a Special Category (Subclass 444) Visa Holder
- are not in receipt of a JobKeeper Payment from another employer.

What are the JobSeeker coronavirus payments and how do I get them?

The Jobseeker supplement <https://www.business.gov.au/risk-management/emergency-management/coronavirus-information-and-support-for-business/increased-and-accelerated-income-support> was revealed in mid-March prior to the JobKeeper changes and includes direct payments to those without work due to the coronavirus outbreak.

Now, those receiving income support payments already from the government, such as youth allowance or a parenting payment, will be given a further \$550 a fortnight on top of their regular benefit payment starting from 27 April 2020.

It applies automatically to those already receiving payments on:

- Jobseeker Payment
- Youth Allowance Jobseeker
- Parenting Payment
- Farm Household Allowance
- Special Benefit

Additionally, if you're in a relationship and your partner is earning \$80,000 or less, you'll still be eligible to receive the payments. Previously, that cut off number was \$48,000.

Superannuation measures

Early release of super

Individuals may be able to access their super if adversely affected by COVID-19.

From mid-April, eligible people can apply for a release of up to \$10,000 of their super before 1 July 2020. They will also be able to access a further \$10,000 from 1 July 2020 until 24 September 2020.

To apply for early release, the member must:

- be unemployed;
- be eligible to receive a JobSeeker payment (previously called Newstart allowance), youth allowance for jobseekers, parenting payment (which includes the single and partnered payments), special benefit or farm household allowance; or
- on or after 1 January 2020, have been made redundant or had their working hours reduced by 20% or more or, if a sole trader, have had their business suspended or suffered a reduction in turnover of at least 20%.

If you are a member of an SMSF, you can apply through myGov from mid-April. If eligible, the ATO will issue a determination advising of your eligibility which you must pass on to the SMSF.

Don't forget SMSF trustees are responsible for the members' retirement savings. If you are an SMSF trustee, please make sure the member is eligible for early release of super before you release any funds.

Reducing the minimum drawdown amounts

To assist retirees, the government has reduced the minimum annual payment required for account-based pensions and annuities, allocated pensions and annuities and market-linked pensions and annuities. The minimum amounts have been reduced by 50% for the 2019-20 and 2020-21 financial years.

If the minimum drawdown amount has already been paid, payments can be stopped for the remainder of the year. If you have received more than the minimum drawdown amount, you can recontribute these amounts if you are eligible to make superannuation contributions (subject to contributions cap limits).

<https://www.ato.gov.au/Super/Sup/Government-s-COVID-19-economic-response-assists-SMSFs-and-their-members/>

Social security measures

The government has also announced a number of temporary social security measures as part of its Coronavirus stimulus strategy.

These are:

- a Coronavirus supplement to be paid at a rate of \$550 per fortnight for 6 months. This will be paid to both existing and new recipients of jobseeker payment (formerly Newstart allowance), youth allowance jobseeker, parenting payment, farm household allowance and special benefit;
- for 6 months permanent employees who are stood down or lose their employment, sole traders, the self-employed, casual workers and contract workers who meet the income tests as a result of the economic downturn due to COVID-19 will be able to access jobseeker payment and youth allowance jobseeker (this could also include a person required to care for someone who is affected by COVID-19);
- asset testing for jobseeker payment, youth allowance jobseeker and parenting payment will be waived for the period of COVID-19 supplement, although income testing will still apply to the person's other payments, consistent with current arrangements;
- the one-week Ordinary Waiting Period has been waived; and
- 2 separate \$750 payments to social security, veteran and other income support recipients and eligible concession card holders. The first payment will be made from 31 March 2020 and the second payment will be made from 13 July 2020. The second payment will not be made to those eligible for COVID-19 supplement.

Go to the Services Australia website for more information about claiming these additional benefits.

<https://www.servicesaustralia.gov.au/individuals/subjects/affected-coronavirus-covid-19>

Social security deeming rates

The Government has announced a 0.75 percentage point reduction in both the upper and lower social security deeming rates.

As of 1 May 2020, the upper deeming rate will be 2.25%, the lower rate will be 0.25%.

Other Federal government measures

Other government measures to assist financially distressed individuals and businesses include:

- temporarily increasing from \$5,000 to \$20,000 in the minimum amount of debt required to be owed before a creditor can initiate involuntary bankruptcy proceedings against a debtor;
- temporarily extending the time for a debtor to respond to a bankruptcy notice from 21 days to 6 months; and
- temporarily extending from 21 days to 6 months the timeframe in which a debtor is protected from enforcement action by a creditor following presentation of a declaration of intention to present a debtor's petition.

The government will also enter into risk-sharing agreements with financial institutions to ensure that credit continues to flow to small and medium enterprises so they can continue to meet their immediate financing needs during the uncertain economic conditions caused by COVID-19.

What is the ATO doing?

PAYG instalment variations

The ATO will allow businesses impacted by COVID-19 to vary PAYG instalment amounts as from the March 2020 quarter.

A quarterly PAYG instalments payer can vary their PAYG instalments on their BAS for the March 2020 quarter. This can be done by lodging a revised BAS before an instalment is due, and before the business lodges its income tax return for the year.

Businesses that vary their PAYG instalment to zero can also claim a refund for any instalments made for the September 2019 and December 2019 quarters.

Changing to monthly reporting

The ATO will allow businesses on a quarterly reporting cycle to opt into monthly GST reporting to get quicker access to any GST refunds. Changing the GST reporting cycle to monthly doesn't mean that a business has to change its PAYG withholding reporting cycle. Rather, business can manage this by specifying the roles it is changing.

Once a business chooses to report and pay GST monthly, the ATO says it must keep reporting monthly for 12 months before it can elect to revert to quarterly reporting.

Other measures

Other ATO administrative measures to assist businesses impacted by COVID-19 are:

- deferring by up to 4 months the payment of BAS amounts (including PAYG instalments), income tax, FBT and excise;
- remitting any interest and penalties, incurred on or after 23 January 2020, that have been applied to tax liabilities; and
- allowing affected businesses to enter into low-interest payment plans for their existing and ongoing tax liabilities.

These assistance measures will not be implemented automatically by the ATO (unlike the relief measures for the 2019-20 bushfires – see below). Therefore, if you are an individual, sole trader, small or medium business and you need further assistance managing your tax and super obligations, contact the ATO Emergency Support Infoline (tel: 1800 806 218). Once you contact the ATO, a support plan will be tailored for you.

The ATO has set up a “one stop shop” on its website for essential tax and super info on Coronavirus stimulus measures. Here is the link to the COVID-19 page.

<https://www.ato.gov.au/Individuals/Dealing-with-disasters/In-detail/Specific-disasters/COVID-19/>

ATO bushfire support

The ATO has implemented a number of administrative measures for those who live in one of the identified impacted postcodes listed on the ATO website.

Here is the link to the postcodes:

<https://www.ato.gov.au/Individuals/Dealing-with-disasters/In-detail/Specific-disasters/Bushfires-2019-20/?anchor=Ifyourpostcodeisnotinthislist#Ifyourpostcodeisnotinthislist>

These administrative measures include:

- automatic deferrals for lodgment of income tax, SMSF, FBT and excise returns and activity statements, and their associated payments, until 28 May 2020 (so there is no need to apply for a deferral) – although you can lodge sooner if you want;
- automatic priority for any refunds due – the ATO can give you a refund when you lodge, which it would normally use to reduce or pay down a debt;
- the remission of interest and penalties applied to tax debts since the commencement of the bushfires;
- the suspension of debt recovery action - for taxpayers with a tax debt or outstanding obligation, the ATO will not institute recovery action until at least 28 May 2020; and
- the temporary suspension of current audit activity.

The ATO can also:

- give you extra time to pay a tax debt;
- help you find your lost tax file number (TFN);
- re-issue income tax returns, activity statements and notices of assessment;
- help you re-construct tax records lost or damaged in the bushfire;
- set up a payment plan tailored to your circumstances including an interest-free period;

- give you more time to meet SMSF lodgments and payment obligations.

<https://www.ato.gov.au/Individuals/Dealing-with-disasters/In-detail/Specific-disasters/Bushfires-2019-20/>

PAYG instalments

If you pay PAYG instalments quarterly, you can vary your PAYG instalments to nil on your activity statement for the December 2019 quarter. You can do this by lodging a revised activity statement before you lodge your income tax return for the year.

You can also vary your PAYG instalments in future periods. The ATO won't apply penalties or charge interest to varied instalments for taxpayers within the impacted postcodes in the 2019–20 financial year.

If you've already lodged any quarterly activity statements for 2019-20, you can claim a credit (at item 5B) on your next activity statement for the instalment amount you paid in the previous quarters, to receive a refund of the amount paid.

You can also revise your latest lodged activity statement to nil and claim a credit for amounts previously paid.

If you realise you've made a mistake working out your PAYG instalment, you can correct it by lodging a revised activity statement or varying a subsequent instalment.

Not in an affected postcode?

If you are impacted by the bushfires but you are not in an affected postcode you can call the ATO's Emergency Support Infoline on 1800 806 218 for assistance.

New working from home expenses

New guidelines from the Australian Taxation Office will enable people to start claiming expenses while working from home.

People will have two options to claim expenses: the 'lower rate' method which gives

people 52 cents per hour worked plus a percentage of use of expenses such as internet and stationery.

Under the second option, you can use the 'shortcut' method if they don't want to keep invoice records, and instead receive an average of all households – which is 80 cents per hour. However, you need to keep a record of the hours you worked from home as evidence of your claim.

This new shortcut arrangement does not prohibit people from making a working from home claim under existing arrangements, where you calculate all or part of your running expenses – all expenses from before March 2020 cannot use the 'shortcut' method.

The new guidelines will remain in place until the end of the financial year.

Landlords and tenants rent relief

<https://www.consumer.vic.gov.au/resources-and-tools/advice-in-a-disaster/coronavirus-covid19-and-your-rights>

Rent increases and evictions will be illegal for six months and tenants will be able to access assistance payments of up to \$2,000 under new Victorian laws to protect renters and landlords during the coronavirus pandemic. Also, new laws granting land tax relief to landlords, to encourage them to "do the right thing" by tenants.

The ban on evictions will apply to both residential and commercial tenants. Landlords who offer rent relief to coronavirus-affected tenants will be eligible for a 25 per cent discount on land tax. They can also defer land tax payments until next March.

Renters experiencing tough times and landlords need to engage in mediation so they could both get through the pandemic.

Tenants could still be left in financial stress even if they could reach "a good faith agreement", if their rent exceeded 30 per cent of their income.

Tenants who earned less than \$100,000 and who had less than \$5,000 in savings would be eligible for rent assistance.

The payments of up to \$2,000 for rent will be paid directly to landlords. While the government wants renters and landlords to work together, those that can't reach an agreement will now be able to go to a dispute resolution service run by Consumer Affairs Victoria.

Key tax dates

Date	Obligation
28 Apr 2020	Lodge and pay March 2020 quarterly BAS Pay March 2020 quarterly instalment notice Employee super guarantee contributions due
21 May 2020	Lodge and pay annual FBT return (if your business lodges one)
28 May 2020	Lodge and pay March 2020 quarterly SGC (if required)
28 July 2020	Lodge and pay June 2020 quarterly BAS Pay June 2020 quarterly instalment notice Employee super guarantee contributions due

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